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March 17, 2006

Mary Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Mass. 02110

RE: Arrearage management, D.T.E. 05-86 – reporting and evaluation criteria

Dear Secretary Cottrell:

This is the response of the Low-Income Energy Affordability Network (LEAN) to the utilities' Proposed Annual Reporting Metrics, filed March 15, 2006. We look forward to further discussion at the working group to be convened.

In general, we found the utilities' proposal to be comprehensive and appropriate. However, the two final items need further specification.

“Net cost of program” should include administrative costs of each utility and agency.

“Net benefit of program” should include the pre-program and post-program change in certain costs and revenues. Measuring these changes will require statistical analyses not dissimilar to that now used for evaluation of energy efficiency programs. Cost items that should be analyzed include uncollectible write-offs, carrying cost of arrears, and collection costs (including administration, shut-offs, reconnects). Analysis will also be required of revenue changes brought about by the program, including by application of arrears credits. (Note that arrears credits are not in and of themselves costs of the program since in some cases the arrears forgiven would never have been collected. The measurement challenge will be in determining by how much cash revenue has changed as a result of the activities of this program.)

We assume that the arrears reports currently filed with the Consumer Division will continue and become regular and universal, albeit perhaps in a simplified form.

We look forward to the convening of the working group to work out the details of this aspect of the arrearage program.

Sincerely,
Jerrold Oppenheim

ec: Service List